

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2018-204-E - ORDER NO. 2018-530

AUGUST 2, 2018

IN RE: Petition of Duke Energy Progress, LLC for)	ORDER APPROVING
an Accounting Order to Adopt New)	ACCOUNTING ORDER
Depreciation Rates Effective March 16, 2018)	TO ADOPT NEW
)	DEPRECIATION RATES

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Petition of Duke Energy Progress, LLC (“DEP” or “the Company”) for an Accounting Order to adopt new depreciation rates effective March 16, 2018. DEP notes that its depreciation rates were last changed by way of Order No. 2013-607, issued on September 5, 2013. Order No. 2016-92, issued on February 10, 2016, approved the Company’s Petition to add a depreciation rate for solar facilities only, and was not a comprehensive update. On November 22, 2017, DEP and the Public Staff of the North Carolina Utilities Commission entered into a partial settlement agreement in Docket No. E-2 Sub 1142, in which the parties agreed to set DEP’s depreciation rates based on the rates set forth in Exhibit A to the Company’s Application in that case, with certain exceptions delineated in the Application. Revised depreciation rates were furnished by DEP in Exhibit B to the Application.

On February, 23, 2018, the North Carolina Utilities Commission issued an Order approving the partial settlement, including the adjustments to the depreciation study, with

revised rates to customers, effective on and after March 16, 2018. DEP then finalized its depreciation study, which results in an approximate annual increase in depreciation expense of \$86.4 million on a system basis (\$6.6 million on a South Carolina retail basis) when applied to end of 2016 plant balances.

According to DEP, adoption and implementation of the new depreciation rates will not involve a change to any DEP rates at this time, or to any Commission rule, regulation, or policy. In addition, issuance of the accounting order does not prejudice any party's right to address this issue in a subsequent general rate case proceeding. DEP requests that the accounting order be made effective as of March 16, 2018, as to the acceptance of the new depreciation study and rates.

DEP states that S.C. Code Ann. Section 58-27-870(F) allows the Commission to put new depreciation rates into effect without notice and hearing upon its order when the depreciation rates do not result in any customer rate increase. Accordingly, DEP requests that this Commission issue an accounting order effective as of March 16, 2018, without notice and hearing pursuant to S.C. Code Section 58-27-870(F) approving the Company's most recent depreciation study.

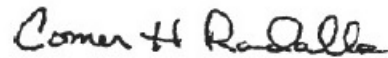
Clearly, adoption and implementation of the new depreciation rates will not involve a change to any DEP rates at this time, or to any Commission rule, regulation, or policy. In addition, issuance of the accounting order does not prejudice any party's right to address this issue in a subsequent general rate case proceeding. As stated by DEP, S.C. Code Ann. Section 58-27-870(F) allows the issuance of an accounting order without notice or hearing. The Office of Regulatory Staff has reviewed DEP's filing and, based on the information

provided, has no objection to the Petition. The ORS' review letter reports that the primary drivers of change in depreciation expense include new plant investments, changing retirement expectations at existing plants, and accelerated retirement of the coal units in Asheville, NC.

Consequently, DEP's Petition for an Accounting Order to Adopt New Depreciation Rates is hereby approved, effective as of March 16, 2018. Under the new depreciation rates, DEP's depreciation expenses for South Carolina will increase by approximately \$6.6 million annually, however, there will be no impact on current rates and charges for DEP's customers in South Carolina. Again, the proposed accounting order is approved as filed. This ruling does not preclude the Commission or any party from addressing the reasonableness of the rates in a subsequent rate case or other proceeding.

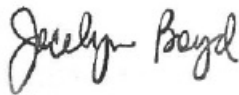
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Comer H. "Randy" Randall, Chairman

ATTEST:



Jocelyn Boyd, Chief Clerk/Administrator